

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03

NSC-05 PA-01 PRS-01 SS-15 AGR-05 VO-03 SCA-01 SY-05

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FM AMCONSUL MILAN

TO AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: BBAK, EGEN, EINV, ELAB, PINT, IT

SUBJECT: CLOSURE OF WHITE FARM EQUIPMENT PIACENZA BRANCH

REF MILAN 1780, MILAN A-51, MILAN 1851

1. AT CONGEN'S INVITATION, SPENCER H. MIERAS, VICE
PRESIDENT, WHITE MOTOR CORP., CAM IN OCT. 15 TO BRIEF
CONGEN ON LATEST DEVELOPMENTS RE CLOSING PIACENZA BRANCH
FACTORY. (SEE MILANS 1780)

2. COMPANY HAS NOT YET FOUND BUYER TO TAKE OVER PLANT AND
BUSINESS. RECENT MEETING OF MIERAS WITH MINISTRY OF
INDUSTRY IN ROME UNPRODUCTIVE.

3. MIERAS HELD MEETINGS WITH ITALIAN DEALERS IN BOLOGNA
OCTOBER 9 AND 10 AND SAYS HE CONVINCED THEM TO CONTINUE TO
REPRESENT PRODUCT LINE AT LEAST UNTIL END OF YEAR, ON ASSUMPTION
THAT BUYER CAN BE FOUND BY THEN. MIERAS SAID THAT IF NO BUYER
FOUND BY YEAR END, DEALERS WILL ABANDON WHITE PRODUCTS AND
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SEEK NEW SUPPLIERS PRIOR TO SPRING BUYING SEASON. FOR THAT

REASON, NOTHING WOULD BE GAINED BY KEEPING PLANT OPEN
BEYOND YEAR END.

4. NO ORDERS BEING RECEIVED CURRENTLY. MIERAS PLACED STOP
ON ALL MATERIALS PURCHASING. MATERIAL ON HAND ENOUGH TO
ALLOW PRODUCTION THROUGH NOVEMBER.

5. WHILE VISITING VARIOUS OFFICIALS IN PIACENZA RECENTLY,
CONGEN GINA WAS ASKED TO URGE COMPANY TO EXTEND OPERATIONS TO
MARCH 31 TO ALLOW MORE TIME TO FIND BUYER. CONGEN AGREED PASS ALONG
REQUEST BUT ASKED IF, AS COUNTERPART, UNION WOULD AGREE FORGET PLANT
SEIZURE OR OCCUPATION SHOULD NO PURCHASER BE FOUND. COMMUNIST
MAYOR ASSURED THAT THIS WOULD BE POSSIBLE ALTHOUGH OTHERS WERE
DISBELIEVING. (MILAN 1851) MIERAS REPORTED THAT UNION LAWYER HAD
JUST MADE SUCH A PROPOSAL TO WHITE LAWYERS.

6. COMPANY WILLING IN PRINCIPLE TO CONSIDER OFFER BUT FURTHER CLAR-
IFICATION NEEDED. MIGHT KEEP PAYROLL GOING UNTIL END MARCH UPON
ACCEPTANCE BY UNION OF TWO CONDITIONS: A) NO PURCHASE OF ADD-
ITIONAL MATERIALS. THREE MILLION DOLLAR ADDITIONAL INVENTORY
INVESTMENT WOULD BE REQUIRED TO CONTINUE PRODUCTION THROUGH MARCH,
WHICH IS UNACCEPTABLE TO WHITE. B) BECUASE NO MANUFACTURING
OF COMBINES WOULD TAKE PLACE AFTER NOVEMBER, UNION WOULD HAVE TO
ALLOW COMPANY FLEXIBILITY TO USE WORK FORCE. TASKS ANTICIPATED WOULD
BE PRODUCTION OF LONG TERM SUPPLY OF SPARE PARTS, CLEAN UP OF
PLANT AND EQUIPMENT TO INCREASE SALES APPEAL TO POTENTIAL BUYERS, AND
ORGANIZING FILES AND ACCOUNTING SYSTEMS.

7. MIERAS SAID THAT THE CONTRACT WITH THE FLM IS VERY POORLY DRAFTED
REGARDING TERMINATION NOTIFICATION, SO UNION CAN CLAIM WHITE OBLIGED
REMAIN OPEN TO MARCH 28, 1976 AND LOWER COURT WOULD PROBABLY
AGREE. IN HIS VIEW, COURT OF APPEALS WOULD PROBABLY RULE IN FAVOR
OF COMPANY, PERMITTING NOVEMBER 30 CLOSURE.

8. MEANWHILE MIERAS IS ESTABLISHING NEW COMPANY IN MILAN TO HANDLE
SALES OF SPARE PARTS AND PROVIDE SERVICE FOR OWNERS OF EQUIPMENT
ALREADY SOLD IN ITALY.

9. DURING CONVERSATION, MIERAS PULLED FROM POCKET COPY OF CABLE
MILAN 1780 WHICH HE SAID HE RECEIVED IN MAIL WITHOUT COVER LETTER.
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HE SAID OTHER COMPANY OFFICIALS IN CLEVELAND ALSO
RECEIVED COPIES. HE HAS NO IDEA WHO SENT COPIES NOR DOES
CONGEN ALTHOUGH IT WAS INCOMING CABLE TO DEPT. HE SAID CABLE
COMPLETELY ACCURATE AND HE COULD FIND NO FAULT WITH IT.

10. NO ACTION REQUESTED.FINA

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